

City of Lafayette Staff Report

For: City Council
By: Malathy Subramanian, City Attorney
Date Written: May 6, 2008
Meeting Date: May 12, 2008
Subject: **Funding Agreement between the City of Lafayette and the Lafayette Library and Learning Center Foundation; Loan Agreement between the Lafayette Redevelopment Agency and the Lafayette Library and Learning Center Foundation; Use Agreement between the City of Lafayette and the Lafayette Library and Learning Center Foundation; Logo License Agreement between the City of Lafayette, Lafayette Redevelopment Agency, and the Lafayette Library and Learning Center Foundation**

Background

There are four agreements that pertain to the Library that relate to funding and use of the Library, a loan to the Agency for construction of the Library, and a license of the logos associated with the Library.

The Funding Agreement, Use Agreement, Loan Agreement, and Logo License Agreement were presented to you at your April 28th meeting. The Use Agreement has been revised based upon your comments at the last meeting and the revisions are shown in redline format. Any additional comments will be presented orally at the City Council meeting.

Use Agreement

The Use Agreement includes the clarifications you requested in the Recitals and Section 2.1.7 and 2.2.2 regarding pricing and the room rental policy. Section 4.1.1 clarifies that the City shall be in default of the Agreement if it does not maintain the Library as specified in Section 2.1.1 of the Agreement. We have also included that the City can use the Library periodically for emergency preparedness drills.

Recommendation

Review and approve the: (1) Funding Agreement between the City of Lafayette and the Lafayette Library and Learning Center Foundation; (2) Use Agreement between the City of Lafayette and the Lafayette Library and Learning Center Foundation; (3) Logo License Agreement between the City, the Lafayette Redevelopment Agency, and the Lafayette Library and Learning Center Foundation; and the (4) Loan Agreement between the Lafayette Redevelopment Agency and the Lafayette Library and Learning Center Foundation

Attachments

1. Funding Agreement between the City and the LLLCF
2. Use Agreement between the City and the LLLCF
3. Logo License Agreement between the City, Lafayette Redevelopment Agency, and the LLLCF
4. Loan Agreement between the Lafayette Redevelopment Agency and the LLLCF

SA

LAFAYETTE LIBRARY AND LEARNING CENTER FUNDING AGREEMENT

This Funding Agreement ("Agreement") is entered into this ____ day of May, 2008, by and between the City of Lafayette ("City") and the Lafayette Library and Learning Center Foundation ("Foundation"). The City and the Foundation are sometimes collectively referred to in this Agreement as the "Parties" and individually referred to as "Party". The Agreement is made in light of the following Recitals:

RECITALS

A. The Lafayette Redevelopment Agency ("Agency") is in the process of constructing a new and expanded library in the City of Lafayette, which library shall be known as the Lafayette Library and Learning Center ("Library"). The Library includes the Glenn Seaborg Learning Consortium ("Consortium").

B. The Library is located at the corner of Mt. Diablo Boulevard and First Street, in the City of Lafayette ("Property").

C. Agency intends to lease or transfer the Property to the City to maintain the Library and grounds.

D. The City and Contra Costa County ("County") have executed a Library Use, Operations and Maintenance Agreement dated January 13, 2004 (the "County Agreement"), in which the County agrees, among other things, to (i) operate the Library, and provide staff training, professional development, ongoing collection development, long-range planning and implementation of the Library Plan of Service, and (ii) provide a financial contribution for these services in the same amounts as those currently provided for the existing Lafayette Library on Moraga Road, which amounts shall be adjusted for the change in the cost of living for the most recently published twelve (12) month period, as shown by the U.S. Department of Labor in its All Urban Consumers Index set forth for the San Francisco-Oakland-San Jose area.

E. The Parties desire to enter into this Agreement in order to outline their roles and responsibilities regarding the Library.

NOW, THEREFORE, in consideration of the mutual promises set forth herein, and in light of the above Recitals, which are hereby made a part of this Agreement, the Parties hereby agree as follows:

1. Term

The term of this Agreement shall commence upon May , 2008 and continue until December 31, 2039.

2. Agreement Contingent on Lease Agreement

This Agreement is not effective unless and until a separate Lease Agreement for the Library or an agreement to convey the Property is executed between the Agency and the City.

3. Responsibilities of the Parties

3.1 Budget

The City will maintain the Library and will pay an amount equal to the 2007-2008 fiscal year expenditures by the City for the operation and maintenance of the existing Lafayette Library on Moraga Road and shall be adjusted for the change in the cost of living for the most recently published twelve (12) month period, as shown by the U.S. Department of Labor in its All Urban Consumers Index set forth for the San Francisco-Oakland-San Jose area. The Foundation shall contribute funds to the City for Library operation, maintenance, programming, and collections as set forth in this Section 3. The Foundation shall also contribute funds for Consortium operation, programming, marketing, and administration.

The City and the Foundation shall jointly prepare and approve a budget of Library costs and expenses. It is agreed and understood that the Library budget will not include any allocated costs for City or Foundation personnel or overhead costs unless such individuals or costs are directly related to Library operations. In determining the number of hours during which the Library is open for purposes of the budget, the City and Foundation shall take into account the amounts provided to fund these services as provided by the County pursuant to the County Agreement, the City, as described above, and other organizations, including the Foundation.

3.2 Payment Request

The City will submit a payment request ("Library Payment Request") to the Foundation at least six months in advance. The Library Payment Request submitted by the City shall be no more than allowable costs less expected funding from the County pursuant to the County Agreement, the City's general fund, Library rental income, and other Library sources that may evolve and are mutually agreed upon between the Parties.

3.3. Foundation Contribution

3.3.1 The Foundation shall make a final review of the Library Payment Request and make a determination on the Library Budget within 90 days following receipt. If the Foundation approves or partially approves the Library Payment Request including the amount shown in such budget to be funded by the Foundation, it shall pay the City half the of the amount shown to be funded by the Foundation within 10 days following the beginning of the fiscal year for the Library Payment Request and the remaining half six months after the first payment. If the Foundation projects that its funds will be insufficient to fund the amount shown as its contribution to the Library Payment Request, it shall notify City within 10 calendar days of its determination. If the Foundation's funds are insufficient to meet the projected contribution stated in the Library Payment Request, the Foundation shall make the maximum payment possible from available assets as determined by the Foundation's Trustees unless a different amount is approved following discussions with the City.

3.3.2 Contribution of funds to the City for Library operations by the Foundation shall be subject to the Foundation having received and continuing to receive any and all required

payments from the Agency pursuant to the Loan Agreement between the Foundation and the Agency dated May __, 2008.

3.4 Responsibilities of the City

All funds received from the Foundation and the required funding from the City pursuant to this Agreement shall be solely used to support costs in the budget agreed upon by the Parties as required in this Section 3. All funds received from the Foundation pursuant to this Agreement shall be placed into a separate City account earning interest and all interest shall be retained within the account. The City shall control how the funds are invested which shall be made in accordance with the City's approved investment policy as amended.

4. **Remedies and Termination**

4.1 Remedies

The Parties agree to provide each other with written notice of nonperformance, unsatisfactory performance, or any other dispute arising from the terms of this Agreement within thirty (30) days of the deficiency or dispute being identified. The Parties shall have ninety (90) days from receipt of said written notice to correct any performance deficiencies. The Parties may mutually agree to extend the ninety (90) day cure period. The Parties agree to cooperate in good faith to resolve any performance issue or dispute arising from this Agreement. Either Party in its sole and absolute discretion may waive a default that cannot be cured.

4.2 Termination

In the event any dispute cannot be resolved under these procedures, each Party retains such legal and equitable remedies as it may have under law to enforce this Agreement. If either Party defaults under this Agreement and does not timely cure such default, the non-defaulting Party may terminate this Agreement upon providing written notice of termination of this Agreement to the defaulting Party, in which case this Agreement shall terminate.

In the event of termination of the Lafayette Library and Learning Center Use Agreement between the parties, this Agreement will also be terminated unless agreed to otherwise by the parties.

5. **Indemnification**

City agrees to indemnify, defend and hold harmless Foundation, its officials, officers, trustees, employees, agents and consultants on account of any and all claims for damages because of (i) personal injury, sickness or death of any person, injury, damage or destruction to property, (ii) any breach by the City of any representation, warranty or covenant of this Agreement, (iii) any violation by the City of any applicable local or state laws, ordinances, rules, regulations or lawful orders bearing on the performance of any obligations under this Agreement, or (iv) other cost, charges or damages arising out of in any way the operation of the Lafayette Library. This indemnification is intended to be as broad as possible and as broad as allowed by

law. Only in the instance of damage caused solely and exclusively by the negligence and/or malfeasance of the Foundation or its employees or agents will the indemnification not apply. This indemnification includes but is not limited to indemnifying for attorneys' fees, costs and other related expenses, including expert witness fees incurred by the Foundation directly, through its carriers or for its agents and/employees.

6. Notices

Whenever it shall be necessary for either Party to serve notice on the other regarding this Agreement, such notice shall be served either in person, by certified mail, return receipt requested to the addresses below.

City: City of Lafayette
3675 Mt. Diablo Blvd., # 210
Lafayette, California 94549
Attn: City Manager

Foundation: Lafayette Library and Learning Center Foundation
P. O. Box 1472
Lafayette, California 94549
Attn: Treasurer

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the Party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

7. Legal Costs

In the event of any legal action between the City and the Foundation arising out of the obligations of the Parties pursuant to this Agreement, the prevailing Party will be entitled to payment of its costs and expenses, including its attorneys' fees.

8. Binding Effect; Successors

The Foundation shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of the City, which may be given in the City's sole and absolute discretion. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer. This Agreement shall bind and inure to the benefit of the Parties and their respective heirs, legal representatives, successors and assigns and all of the Parties thereto shall be jointly and severally liable hereunder.

9. Counterparts

This Agreement may be executed in counterparts each of which shall be deemed an original and all of which together shall constitute one and the same instrument which shall be binding upon the Parties notwithstanding that the Parties may not be signatories to the same counterpart or counterparts. The Parties may integrate their respective counterparts by attaching the signature pages of each separate counterpart to a single counterpart.

10. Further Assurances

Whenever requested to do so by the other Party, each Party shall execute, acknowledge, and deliver any further conveyances, assignments, confirmations, satisfactions, release, powers of attorney, instruments of further assurance, approvals, consents, and any further instruments or documents that are necessary, expedient, or proper to complete anything contemplated by this Agreement. In addition, each Party shall do any other acts and execute, acknowledge, and deliver any requested documents in order to carry out the intent and purpose of this Agreement.

11. Modifications

All modifications to this Agreement must be in writing and signed by the Parties.

12. Third-Party Rights

Nothing in this Agreement, express or implied, is intended to confer upon any person, other than the Parties and their respective successors and assigns, any rights or remedies.

13. Governing Law; Choice of Venue

This Agreement shall be governed and construed in accordance with California law. Venue shall be Contra Costa County.

14. Severability

If any provision of this Agreement becomes or is declared by a court to be illegal, unenforceable or void, that clause will be omitted and the remainder of the Agreement will continue in full force and effect. Such holding shall in no way affect the validity or enforceability of this Agreement.

15. Entire Agreement

This Agreement is the entire agreement between the Parties and supersedes any prior or contemporaneous representations, understandings or agreements, whether written or oral.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first hereinabove written.

[Signature on the following page]

City of Lafayette

Mike Anderson, Mayor

ATTEST:

Joanne Robbins, City Clerk

Lafayette Library and Learning Center Foundation

Treasurer

LOAN AGREEMENT

THIS LOAN AGREEMENT (the "Agreement"), dated as of May __, 2008, is made by and between the Lafayette Redevelopment Agency (the "Agency") and the Lafayette Library and Learning Center Foundation (the "Foundation"). The Agency and the Foundation are sometimes collectively referred to in this Agreement as "Parties" and individually referred to as "Party". This Agreement is made in light of the following recitals:

RECITALS

WHEREAS, the Agency is a duly constituted redevelopment agency under the laws of the State of California and pursuant to such laws has duly proceeded with the redevelopment of its Lafayette Redevelopment Project Area (the "Project Area"); and

WHEREAS, the Redevelopment Plan for said Project Area provides for tax increment financing in accordance with the provisions of Chapter 6, Part 1 of Division 24 of the Health and Safety Code of the State of California and Section 16 of Article XVI of the Constitution of the State of California; and

WHEREAS, in furtherance of the Redevelopment Plan for the Project Area, and after complying with the requirements of Health & Safety Code Sections 33445 and 33679, the Agency has determined to assist in financing the Lafayette Library and Learning Center (the "Project") by borrowing from the Foundation under this Loan Agreement an amount to be used by the Agency to pay for a portion of the cost of the Project; and

WHEREAS, Health and Safety Code Section 33132 and 33600 authorizes the Agency to borrow or accept financial assistance for the agency's activities, powers, and duties.

NOW, THEREFORE, in consideration of the mutual covenants herein contained it is agreed by and between the parties hereto, as follows:

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section 1 shall, for all purposes of this Loan Agreement and of any amendment hereto, and of any certificate, opinion, estimate or other document herein mentioned, have the meanings herein specified.

"Agency" means the Lafayette Redevelopment Agency, a redevelopment agency and public body, corporate and politic, duly organized and existing under and by virtue of the laws of the State of California.

"Bonds" means all tax allocation bonds or other evidences of indebtedness outstanding as of the date hereof or issued in the future by the Agency and secured by Tax Increment Revenues which are sold to parties other than the City or any subordinate agency of the City or the Foundation.

"City" means the City of Lafayette, a California municipal corporation.

"Foundation" means the Lafayette Library and Learning Center Foundation, a non-profit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California.

"Foundation Repayment Bonds" means Bonds expected to be issued by the Agency during calendar year 2015 for the purpose of, among other things, repaying a portion of the Loan.

"Law" means the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State of California and the acts amendatory thereof and in supplement thereto. Whenever reference is made in this Loan Agreement to the Law, reference is made to the law as in force on the date of the execution of this Loan Agreement, unless the context otherwise requires.

"Project" has the meaning set forth in the Recitals.

"Project Area" has the meaning set forth in the Recitals.

"Tax Increment Revenues" means all taxes allocated to, and paid into a special fund of the Agency for the Project Area pursuant to Article 6 of Chapter 6 of the Law and Section 16 of Article XVI of the Constitution of the State of California, and as provided in the redevelopment plan for the Project Area, including all payments and reimbursements, if any, to the Agency specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations; excluding amounts required to be deposited in the Agency's low and moderate income housing fund pursuant to the Law.

Section 2. Loan. The Foundation hereby loans to the Agency the amount of nine million dollars (\$9,000,000). The Agency agrees to use the loan amount to pay the construction costs for the Project as they become due and agrees that such amounts will be used to cover a portion of the total construction cost of the Project and for no other purpose.

Section 3. Loan Repayment; Interest Rate. The Agency and the Foundation agree that the outstanding loan balance will accrue interest, compounded annually, at the rate of 6.25% per annum commencing on the date of disbursement of the loan amount by the Foundation to the Agency until the balance of the loan is fully repaid. Any accrued and unpaid interest shall be added to the principal balance of the Loan. The Agency agrees that it will repay the loan and accrued interest as follows:

(a) Subject to Section 4, Upon issuance of the Foundation Repayment Bonds, the Agency shall pay the Foundation the sum of \$4,000,000 from the proceeds of the Foundation Repayment Bonds, which shall include accrued interest and principal, if accrued interest to date is less than \$4,000,000.

(b) If the Foundation Repayment Bonds are issued on or prior to June 30, 2016, then on June 30, 2017 and each successive June 30th, the Agency shall pay interest installments to the Foundation equal to the amount of interest shown in Exhibit A-1 and shall pay principal installments equal to the amounts shown in Exhibit A-1 until the loan balance and all accrued interest therein is fully repaid. If the Foundation Repayment Bonds are issued after June 30, 2016, then the parties shall renegotiate the amortization schedule as shown in Exhibit A-1 to provide the Foundation with payment as quickly as possible given the Agency's senior obligations and sources of funds and all interest that is not paid shall be added to the accrued balance.

(c) With the Foundation's consent which will not be unreasonably withheld, the Agency at any time may elect to prepay all or any portion of the outstanding loan balance without penalty from any source of legally available funds. In the event of a prepayment by the Agency, the annual principal payments required pursuant to Section 3(b) shall be reduced in each year (pro rata) by an amount equal to the percentage of the outstanding loan balance so prepaid.

(d) If the Agency has available funds that are not committed to the repayment of Bonds and other indebtedness or form of obligation incurred prior to the effective date of this Agreement, senior debt, it must repay the loan and accrued interest in full by December 31, 2039 unless an alternative agreement is reached with the Foundation.

Section 4. Source of Repayment; Subordination to Bonds. The Agency agrees to make all loan payments hereunder from Tax Increment Revenues or any other source of legally available funds. Agency's obligations under this Agreement are subordinate and junior to any Bonds and shall also be subordinate and junior to other indebtedness or form of obligation incurred prior to the effective date of this Agreement. The Agency hereby pledges and grants a security interest in the Tax Increment Revenues to the Foundation as security for the loan payments; provided, that such pledge and security interest shall be at all times subordinate to the obligation of the Agency to pay debt service on all Bonds. The Foundation agrees that, in the event the Agency does not have sufficient funds after payment of debt service on Bonds to make the scheduled payments hereunder, such amounts the shortfall, to the extent that they are it is accrued interest, shall be treated as additional advances hereunder which increase the outstanding loan balance and the Agency shall not be declared in default hereunder. Notwithstanding Section 3(a), If the Foundation Repayment Bonds are issued and are less than the sum of \$4,000,000, the Agency shall endeavor to use unencumbered revenue to pay interest due pursuant to Section 3(b) above to the Foundation equal to the amounts shown in Exhibit A-1, and if possible, principal installments. Notwithstanding any default by the Agency hereunder, under no circumstances shall the amounts due to the Foundation hereunder be subject to acceleration.

Section 5. Amendments. This Loan Agreement may be amended from time to time by the parties hereto for any purpose by an instrument in writing signed by a duly authorized representative of the Agency and the Foundation. These amendments may allow for the Foundation to sell some or all of the loan to third parties or for the repayment schedule to be adjusted if mutually approved by the Parties. Both the Agency and the Foundation shall

cooperate with one another to approve amendments that are not harmful to either party, which amendments shall be approved by a majority of the Board of Trustees in the case of the Foundation. No amendment shall conflict with any covenants of the Agency made to owners of Bonds issued prior to such amendment.

Section 6. Representations and Warranties of the Foundation.

The Foundation hereby makes the following representations and warranties to the Agency:

(a) The Foundation is a duly organized and existing non-profit public benefit corporation under the laws of the State of California, has full legal power and authority to enter into this Loan Agreement and has duly authorized the execution and delivery of this Loan Agreement in accordance with its Bylaws and Articles of Incorporation.

(b) To the extent that the funds used by the Foundation to make the loan hereunder have been obtained from gifts, donations, grants or bequests, the use of such funds for such purpose is not inconsistent with the terms of any such gifts, donations, grants or bequests.

(c) The Foundation is wholly independent of, and is not controlled, either indirectly or directly by, the City or the Agency. This Loan Agreement is made as an arm's length transaction.

(d) The making of the loan and the execution and delivery of this Loan Agreement will not constitute a breach or default of any other obligation of the Foundation pursuant to any contract, agreement, indenture, mortgage, deed of trust or any other instrument.

Section 7. Representations and Warranties of the Agency. The Agency hereby makes the following representations and warranties to the Foundation:

(a) The Agency is a duly organized and existing agency of the State of California under the Law, has full legal power and authority to enter into this Loan Agreement and has duly authorized and approved the execution and delivery of this Loan Agreement and the performance of the Agency's obligations hereunder.

(b) The Agency will apply the proceeds of the loan hereunder solely to the cost of the Project and will not use such proceeds in a way such that, under the laws in existence as of the date hereof, the interest payable on the Foundation Repayment Bonds would not be excludable from gross income for federal and State of California income tax purposes.

(c) The Agency reasonably expects that it will have sufficient funds to pay all payments to the Foundation hereunder when due.

(d) The Agency is wholly independent of, and is not controlled by and does not control, either indirectly or directly, the Foundation. This Loan Agreement is made as an

Draft - Subject to Change 4-~~18~~25-08
arm's length transaction.

(e) The execution and delivery by the Agency of this Loan Agreement, the making of the loan, the performance of the Agency's obligations hereunder and the consummation of the transactions contemplated hereby will not result in the violation of any law, statute, rule, regulation, order, writ, injunction, judgment or decree of any court or governmental authority to or by which the Agency is bound and will not conflict with, or result in a breach or violation of, any of the terms or provisions of, or constitute (with due notice or lapse of time or both) a default under, any lease, loan agreement, mortgage, security agreement, trust indenture or other agreement or instrument to which the Agency is a party or by which it is bound or to which any of its properties or assets is subject.

(f) No consent, approval, authorization or other order of any governmental authority or other third-party is required to be obtained by the Agency in connection with the authorization, execution and delivery of this Loan Agreement or with the authorization and making of the loan or the performance of the Agency's obligations hereunder.

Section 8. Notices. Whenever it shall be necessary for either Party to serve notice on the other regarding this Agreement, such notice shall be served either in person, by certified mail, return receipt requested to the addresses below.

Agency: City of Lafayette Redevelopment Agency
3675 Mt. Diablo Blvd., # 210
Lafayette, California 94549
Attn: Executive Director

Foundation: Lafayette Library and Learning Center Foundation
P. O. Box 1472
Lafayette, California 94549
Attn: Treasurer

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the Party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

Section 9. Legal Costs. In the event of any legal action between the Agency and the Foundation arising out of the obligations of the Parties pursuant to this Agreement, the prevailing Party will be entitled to payment of its costs and expenses, including its attorneys' fees.

Section 10. Binding Effect; Successors. The Foundation shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of the Agency, which may be given in the Agency's sole and absolute discretion, but shall not be unreasonably withheld. Any attempt to do so in

| Draft - Subject to Change 4-~~1825~~-08

violation of this provision shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer. This Agreement shall bind and inure to the benefit of the Parties and their respective heirs, legal representatives, successors and assigns and all of the Parties thereto shall be jointly and severally liable hereunder.

Section 11. Counterparts. This Agreement may be executed in counterparts each of which shall be deemed an original and all of which together shall constitute one and the same instrument which shall be binding upon the Parties notwithstanding that the Parties may not be signatories to the same counterpart or counterparts. The Parties may integrate their respective counterparts by attaching the signature pages of each separate counterpart to a single counterpart.

Section 12. Further Assurances. Whenever requested to do so by the other Party, each Party shall execute, acknowledge, and deliver any further conveyances, assignments, confirmations, satisfactions, release, powers of attorney, instruments of further assurance, approvals, consents, and any further instruments or documents that are necessary, expedient, or proper to complete anything contemplated by this Agreement. In addition, each Party shall do any other acts and execute, acknowledge, and deliver any requested documents in order to carry out the intent and purpose of this Agreement.

Section 13. Modifications. All modifications to this Agreement must be in writing and signed by the Parties, and shall follow the requirements for amendments set forth in Section 5 hereof.

Section 14. Third-Party Rights. Nothing in this Agreement, express or implied, is intended to confer upon any person, other than the Parties and their respective successors and assigns, any rights or remedies.

Section 15. Governing Law; Choice of Venue. This Agreement shall be governed and construed in accordance with California law. Venue shall be Contra Costa County.

Section 16. Severability. If any provision of this Agreement becomes or is declared by a court to be illegal, unenforceable or void, that clause will be omitted and the remainder of the Agreement will continue in full force and effect. Such holding shall in no way affect the validity or enforceability of this Agreement.

Section 17. Entire Agreement. This Loan Agreement constitutes the entire agreement between the Agency and the Foundation concerning the matters described herein and supercedes any and all other agreements, contracts, covenants, resolutions or other arrangements with respect to the subject matter hereof.

IN WITNESS HEREOF, the parties hereto have executed this Loan Agreement as of the day and year first above written.

Draft - Subject to Change 4-~~19~~25-08

LAFAYETTE LIBRARY AND LEARNING CENTER FOUNDATION

By: _____
Treasurer

LAFAYETTE REDEVELOPMENT AGENCY

By: _____
Executive Director

Exhibit A-1

Principal Repayment Schedule
(Assuming Issuance of Foundation Repayment Bonds)

Payment Date*	Payment Amount
August 1, Year 1	\$
August 1, Year 2	

*Year 1 shall be the first year of required repayment pursuant to Section 3(b) of this Loan Agreement and each subsequent payment date shall be the anniversary date of the preceding payment date.

Exhibit A-1

Interest and Principal Repayment Schedule
(Assuming Issuance of Foundation Repayment Bonds on June 30, 2016)

<u>Payment Date*</u>	<u>Interest Payment Amount</u>	<u>Principal Payment Amount¹</u>
6/30/2008	-	-
6/30/2009	-	-
6/30/2010	-	-
6/30/2011	-	-
6/30/2012	-	-
6/30/2013	-	-
6/30/2014	-	-
6/30/2015	-	-
6/30/2016	-	\$ 4,000,000
6/30/2017	\$ 222,540	-
6/30/2018	231,817	-
6/30/2019	241,481	-
6/30/2020	251,548	-
6/30/2021	262,034	-
6/30/2022	272,958	-
6/30/2023	284,337	-
6/30/2024	296,190	-
6/30/2025	308,538	-
6/30/2026	321,400	-
6/30/2027	334,798	-
6/30/2028	1,047,312	600,000
6/30/2029	1,009,812	2,500,000
6/30/2030	853,562	2,700,000
6/30/2031	684,812	2,900,000
6/30/2032	503,562	3,100,000

¹ Principal includes repayment of accrued interest.

Draft - Subject to Change 4-~~18~~25-08

6/30/2033	309,812	3,300,000
6/30/2034	103,562	1,656,995

LOAN AGREEMENT

By and among

LAFAYETTE REDEVELOPMENT AGENCY

and the

LAFAYETTE LIBRARY AND LEARNING CENTER FOUNDATION

May__, 2008

LAFAYETTE LIBRARY AND LEARNING CENTER USE AGREEMENT

This Use Agreement ("Agreement") is entered into this _____ day of May, 2008, by and between the City of Lafayette ("City") and the Lafayette Library and Learning Center Foundation ("Foundation"). The City and the Foundation are sometimes collectively referred to in this Agreement as the "Parties" and individually referred to as "Party". The Agreement is made in light of the following Recitals:

RECITALS

- A. The Lafayette Redevelopment Agency ("Agency") is in the process of constructing a new and expanded library building in the City of Lafayette, which ~~library~~ shall be known as the Lafayette Library and Learning Center ("Library"). The Library includes programs of the Glenn Seaborg Learning Consortium ("Consortium").
- B. The Library is located at the corner of Mt. Diablo Boulevard and First Street, in the City of Lafayette ("Property").
- C. Agency intends to lease or transfer the Property to the City to maintain the Library and grounds.
- D. The City and Contra Costa County ("County") have executed a Library Use, Operations and Maintenance Agreement dated January 13, 2004 (the "County Agreement"), in which the County agreed to operate the Library, and provide staff training, professional development, ongoing collection development, long-range planning and implementation of the Library Plan of Service. The number of hours during which the Library is open shall be determined by the amounts provided to fund these services as provided by the County, City, and other organizations, including the Foundation, pursuant to the Lafayette Library and Learning Center Funding Agreement between the Parties of even date herewith (the "Funding Agreement").
- E. Pursuant to the County Agreement, County will occupy and be responsible for programming and services in secure third-floor library space, not including the Community Hall. County may work with the Foundation or other entities for the provision of these services.
- F. The City is responsible for maintaining the Library.
- G. Foundation desires to operate and manage the Consortium and provide financial ~~Library~~ support for Library programming, hours of Library operation, maintenance, and collections pursuant to the Funding Agreement between the parties and staff.
- H. The Parties desire to enter into this Agreement in order to outline their roles and responsibilities regarding the Library and Consortium.

NOW, THEREFORE, in consideration of the mutual promises set forth herein, and in light of the above Recitals, which are hereby made a part of this Agreement, the Parties hereby agree as follows:

1. Term

The term of this Agreement shall commence upon May , 2008 and continue until December 31, 2039.

2. Responsibilities of the Parties

2.1 Responsibilities of the City

2.1.1. The City shall be responsible for the interior and exterior maintenance of the Library, including the Library grounds and parking structure, in a manner suitable to conduct Consortium events sponsored by the Foundation and rentals of space as approved by the Foundation.

2.1.2 The City shall lease Foundation secure office space on the second floor of the Library for the term of this Agreement at a cost equal to the amount spent to maintain the space and provide janitorial and other common building services on terms no less favorable than to other tenants. The space shall consist of approximately 350 square feet. The Parties shall execute a lease agreement in a form approved by the City and the Foundation.

2.1.3. The City shall provide leases for Library space to various parties to the extent possible, with varied lease durations and terms, with the goal of achieving beneficial relations among all lessees, as follows:

2.1.3.1 The City shall lease third floor library space to County for library programming and services.

2.1.3.2 The City shall lease first floor bookroom space to the Friends of the Lafayette Library for its programming and services.

2.1.3.3 The City shall lease first floor historical society space to the Lafayette Historical Society for its programming and services.

2.1.3.4 The City shall lease office space on the second floor to the Lafayette Arts and Sciences Foundation for its programming and services.

2.1.4 The City shall make the Arts and Sciences Classroom and the Community Hall and other spaces as approved by the City available to the Foundation as described in Sections 2.1.2 and 2.2.2 for its programming, fundraising and services, notwithstanding, however that all Monday evenings starting no later than 5 p.m. and Tuesday evenings starting no later than 5 p.m. that follow a Federal Holiday shall be exclusively reserved for City meetings in both

spaces.

2.1.5 The City and the Foundation will work cooperatively to maximize use of all of the spaces in the Library to the benefit of all tenants and other organizations in Lafayette on terms consistent with Section 2.2.2. Such cooperation will include and assume flexibility in scheduling on the part of the City, Foundation and tenants.

2.1.6. The City shall use any and all spaces on the premises, as necessary, during an emergency or natural disaster and periodically for emergency preparedness drills.

2.1.7 The City shall have ultimate responsibility for the Library. Foundation shall recommend a pricing and room rental policy and the City Council shall consider, modify, and approve such policy. The policy shall be reviewed and updated annually by the Foundation and City Council.

2.2. Responsibilities of the Foundation

2.2.1 Foundation shall only incur costs and expenses, including the expenses of its fundraising and general administration, in support or furtherance of the Library and Consortium.

2.2.2 Foundation shall be responsible for pricing, accounting, and management of room rentals of the Community Hall, the Arts and Sciences Classroom and other spaces as approved by the City consistent with the City-approved pricing and room rental policy as submitted by the Foundation and annually reviewed and/or updated. Foundation shall promote high utilization of the Community Hall and the Arts and Sciences Classroom. Unless requested to do so by the County, Foundation shall not be responsible for renting or controlling the use of spaces managed by County Library System staff.

2.2.3 Foundation shall submit an annual plan for the Consortium to the City Council each year by _____, which shall be reviewed and approved by the City Council annually (“Consortium Plan”) by _____. The Consortium Plan shall include the goals of the Consortium, which provides preference for a large range of events and classes with collective appeal to a broad majority of the community.

2.2.4 Foundation shall submit quarterly reports to the City, which provide information on the Foundation’s performance compared with the Consortium Plan and other items of interest. Foundation shall provide representatives to discuss these reports with City Staff and the City Council.

2.2.5 Foundation shall conduct all meetings where there is a majority of the Board present in public as provided in the Foundation's bylaws, with appropriate notice as specified in the Foundation’s bylaws and exceptions for certain matters as set forth in the Foundation's bylaws. All audited Foundation financial statements, excluding donor and prospect lists, shall be considered public records and shall be open to the public for inspection.

2.2.6 In the event Foundation dissolves or winds up, Foundation shall transfer, subject to Section 9 of this Agreement, all of its responsibilities, its available funds, other assets after payment of, or provision for payment of, all its debts and liabilities, as set forth in the Foundation's bylaws.

3. Control and Payment of Subordinates; Independent Contractor

Foundation shall operate on an independent contractor basis and not as an employee of the City. Any additional personnel performing under this Agreement on behalf of Foundation shall also not be employees of City and shall at all times be under Foundation's exclusive direction and control. If applicable, Foundation shall pay all wages, salaries, and other amounts due such personnel in connection with their performance under this Agreement and as required by law. Foundation shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

4. Default

4.1 Default by City

4.1.1 City shall be in default of this Agreement upon the occurrence of any one or more of the following:

- (a) Failure to maintain the Library at a level required to attract patrons and events as specified in Section 2.1.1;
- (b) Failure to provide Foundation with office space as provided for in this Agreement;
- (c) Failure to make the Arts and Science Classroom and the Community Hall available to the Foundation as set forth above; and
- (c) Failure to respond to Foundation's request for approval of its Consortium Plan.

4.2 Default by Foundation

4.2.1 Foundation shall be in default of this Agreement upon the occurrence of one or more of the following:

- (a) Foundation is unable to manage its responsibilities under the Consortium Plan, pursuant to a modification of the Consortium Plan, for more than 8 months after the City's adoption of a modified Consortium Plan;
- (b) Foundation uses its funds for causes not in support or furtherance of the Library and Consortium;

(c) Foundation becomes subject to any bankruptcy proceedings (except an involuntary bankruptcy proceeding dismissed within sixty (60) days after commencement);

(d) Foundation fails to conduct its Trustee's meetings in accordance with Section 2.2.5.

5. Remedies and Termination

5.1 Remedies

The Parties agree to provide each other with written notice of nonperformance, unsatisfactory performance, or any other dispute arising from the terms of this Agreement within thirty (30) days of the deficiency or dispute being identified. The Parties shall have ninety (90) days from receipt of said written notice to correct any performance deficiencies. This period may be extended at the mutual agreement of both Parties. The Parties agree to cooperate in good faith to resolve any performance issue or dispute arising from this Agreement. Either Party in its sole and absolute discretion may waive a default that cannot be cured.

5.2 Termination

In the event any dispute cannot be resolved under these procedures, each Party retains such legal and equitable remedies as it may have under law to enforce this Agreement. If either Party defaults under this Agreement and does not timely cure such default, the non-defaulting Party may terminate this Agreement upon providing written notice of termination of this Agreement to the defaulting Party, in which case this Agreement shall terminate. Notwithstanding the above, Foundation shall continue to provide the City for the duration of the term of the Agreement with all of its remaining funds to support programs, maintenance, collections and operations at the Library and the Consortium.

6. Indemnification

6.1 City agrees to indemnify, defend and hold harmless Foundation, its officials, officers, trustees, employees, agents and consultants on account of any and all claims for damages because of (i) personal injury, sickness or death of any person, injury, damage or destruction to property, (ii) any breach by the City of any representation, warranty or covenant of this Agreement, (iii) any violation by the City of any applicable local or state laws, ordinances, rules, regulations or lawful orders bearing on the performance of any obligations under this Agreement, or (iv) other cost, charges or damages arising out of in any way the operation of the Lafayette Library. This indemnification is intended to be as broad as possible and as broad as allowed by law. Only in the instance of damage caused solely and exclusively by the negligence and/or malfeasance of the Foundation or its employees or agents will the indemnification not apply. This indemnification includes but is not limited to indemnifying for attorneys fees, costs and other related expenses, including expert witness fees incurred by the Foundation directly, through its carriers or for its agents and/employees.

6.2 Foundation agrees to indemnify, defend and hold harmless City, its officials, officers, trustees, employees, agents and consultants on account of any and all claims for damages because of personal injury or death or damages to property, or other costs and charges, directly or indirectly arising out of or attributable to, the negligence and/or the malfeasance of the Foundation, its officers, employees, agents and/or consultants in the performance of its obligations under this Agreement. The coverage of such indemnification shall include, without limitation, attorneys' fees and court costs incurred by the City with regard thereto.

7. Notices

Whenever it shall be necessary for either Party to serve notice on the other regarding this Agreement, such notice shall be served either in person, by certified mail, return receipt requested to the addresses below.

City: City of Lafayette
3675 Mt. Diablo Blvd., # 210
Lafayette, California 94549
Attn: City Manager

Foundation: Lafayette Library & Learning Center Foundation
P. O. Box 1472
Lafayette, California 94549
Attn: Treasurer

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the Party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

8. Legal Costs

In the event of any legal action between the City and Foundation arising out of the obligations of the Parties pursuant to this Agreement, the prevailing Party will be entitled to payment of its costs and expenses, including its attorneys' fees.

9. Binding Effect; Successors

Foundation shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of the City, which may be given in the City's sole and absolute discretion. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer. This Agreement shall bind and inure to the benefit of the Parties and their respective heirs, legal representatives, successors and assigns and all of the Parties thereto shall be jointly and severally liable hereunder.

10. Counterparts

This Agreement may be executed in counterparts each of which shall be deemed an original and all of which together shall constitute one and the same instrument which shall be binding upon the Parties notwithstanding that the Parties may not be signatories to the same counterpart or counterparts. The Parties may integrate their respective counterparts by attaching the signature pages of each separate counterpart to a single counterpart.

11. Further Assurances

Whenever requested to do so by the other Party, each Party shall execute, acknowledge, and deliver any further conveyances, assignments, confirmations, satisfactions, release, powers of attorney, instruments of further assurance, approvals, consents, and any further instruments or documents that are necessary, expedient, or proper to complete anything contemplated by this Agreement. In addition, each Party shall do any other acts and execute, acknowledge, and deliver any requested documents in order to carry out the intent and purpose of this Agreement.

12. Modifications

All modifications to this Agreement must be in writing and signed by the Parties.

13. Third-Party Rights

Nothing in this Agreement, express or implied, is intended to confer upon any person, other than the Parties and their respective successors and assigns, any rights or remedies.

14. Governing Law; Choice of Venue

This Agreement shall be governed and construed in accordance with California law. Venue shall be Contra Costa County.

15. Severability

If any provision of this Agreement becomes or is declared by a court to be illegal, unenforceable or void, that clause will be omitted and the remainder of the Agreement will continue in full force and effect. Such holding shall in no way affect the validity or enforceability of this Agreement.

16. Entire Agreement

This Agreement is the entire agreement between the Parties and supersedes any prior or contemporaneous representations, understandings or agreements, whether written or oral.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first hereinabove written.

[Signatures on the following page]

City of Lafayette

Mike Anderson, Mayor

ATTEST:

Joanne Robbins, City Clerk

Lafayette Library and Learning Center Foundation

Treasurer

Logo License Agreement

This LOGO LICENSE AGREEMENT ("Agreement") is made and entered into as of this day of _____, 2008 by and among the City of Lafayette, the Lafayette Redevelopment Agency (collectively, "Licensor") and the Lafayette Library and Learning Center Foundation ("Licensee"). Licensor and Licensee are sometimes collectively referred to in this Agreement as the "Parties" and individually referred to as "Party".

WHEREAS, Licensee wishes to use the Licensor's Logo (as hereinafter defined) with respect to the promotion, fundraising, and marketing of the Library (as hereinafter defined); and

WHEREAS, Licensee desires to acquire a license to use the Logo with respect to said Library and Licensor is willing to do so pursuant to the terms and conditions set forth in this Agreement; and

WHEREAS, Licensee recognizes that the valuable reputation and goodwill attaching to the Logo is dependent for its preservation on the high quality standards of service of Licensor and, accordingly, Licensee is willing to cooperate with Licensor in preserving the reputation and goodwill attaching to the Logo.

NOW, THEREFORE, in consideration of the promises and the mutual covenants and agreements contained herein, the parties hereto agree as follows:

1. Definitions

1.1. Library

The term "Library" means the Lafayette Library and Learning Center, which for purposes herein shall include the Glenn Seaborg Learning Consortium, located at the corner of Mt. Diablo Boulevard and First Street in the City of Lafayette, California.

1.2. Logo

The term "Logo" means the name and logos as set forth in Exhibit A attached hereto and incorporated herein by reference.

2. Grant

Licensor hereby grants to Licensee, a non-exclusive, nontransferable right until the earlier of: (1) December 31, 2039; or (2) the termination of the Lafayette Library and Learning Center Use Agreement dated May __, 2008 between the Parties to reproduce the Logo as necessary on all advertising, promotional materials, display material, or other materials, for the sole purpose of allowing Licensee to promote, fundraise, and market the Library. Both Parties acknowledge that the Contra Costa County Library System is also granted a non-exclusive, nontransferable right to use the Logo for its operation of the Library under the same terms of this Agreement.

3. Ownership

Licensee acknowledges that the Logo is the exclusive and sole property of Licensor, and Licensee agrees that it will not contest the ownership or validity of the Logo or aid or abet others in doing so. Licensee agrees that any and all rights that might be acquired by its use of the Logo shall inure to the sole benefit of Licensor.

Neither party may sublicense the Logo without the written consent of the other Party, which consent may not be unreasonably withheld. Licensee agrees that it will not use the Logo in any manner that will diminish or otherwise damage Licensor's goodwill in the Logo. Licensee will not adopt, use, or register any trademark, domain name, service mark or certification mark, or other designation that violates Licensor's rights in the Logo.

Licensee shall, during the term of this Agreement and after termination hereof, execute such documents as Licensor may request from time to time to ensure that all right, title and interest in and to the Logo reside with Licensor.

The provisions of this Section 3 shall survive any termination of this Agreement.

4. Compliance

Licensee agrees to comply with rules set forth from time to time by Licensor with respect to the appearance and manner of use of the Logo. Any form of use of the Logo not specifically provided for by such rules shall be adopted by Licensee only upon prior approval in writing by Licensor. Representative specimens showing the use of the Logo by Licensee shall be sent to Licensor from time to time upon request by Licensor. Licensee shall take reasonable steps to avoid endangering the validity of the Logo, including compliance with the applicable laws or regulations

5. Advertising

Licensee shall use reasonable efforts to maintain the validity and distinctiveness of the Logo so as to enhance the goodwill symbolized by the Logo. If requested by Licensor, Licensee will include in its advertising and marketing an appropriate legend stating that the Logo is used under license from Licensor.

6. Quality Control

All materials distributed in connection with the Logo shall meet or exceed standards of quality and performance generally accepted in the industry and comply with all applicable laws, rule, and regulations (collectively, "Quality Standards"). Licensee shall use the Logo solely in connection with any products or merchandise that meets the Quality Standards.

Licensee shall cooperate with Licensor to facilitate periodic review of Licensee's use of the Logo, and of Licensee's compliance with Quality Standards. Licensee shall promptly correct and remedy any deficiencies in its use of the Logo and conformance to the Quality Standards upon reasonable notice from Licensor.

7. Termination

Licensor shall have the right to terminate the license and rights granted under this Agreement if Licensee, at any time, defaults in performing any of its obligations under the terms and conditions of this Agreement and fails to remedy such default within thirty (30) days after receiving written notice thereof from Licensor.

Upon the termination of the license and rights granted herein, Licensee shall discontinue all permitted use of the Logo, and thereafter Licensee shall no longer use or have the right to use the Logo or any variation or simulation thereof in connection with the Library.

Any termination hereunder of Licensee's license and rights to use the Logo shall not act in any manner to relieve Licensee of any of its obligations under this Agreement.

8. Effects of and Procedure on Termination

Upon the termination of this Agreement all rights of Licensee under the license granted hereunder shall terminate and automatically revert to Licensor and Licensee shall immediately discontinue the use of the Logo and thereafter shall no longer use or have the right to use the Logo or any variation or simulation thereof, or any word or Logo similar thereto, or to (directly or indirectly) develop, create, market, distribute, sell, license or sublicense, or advertise any products in connection with the Logo. Licensee acknowledges that Licensee's failure to cease the use of the Logo upon termination of this Agreement shall result in immediate and irreparable damage to Licensor and to the rights of any subsequent licensee. Licensee acknowledges and admits that there is no adequate remedy at law for such failure, and agrees that in the event of such failure, Licensor shall be entitled to equitable relief by way of temporary and permanent injunction and such other and further relief as any court with jurisdiction may deem just and proper.

9. Independent Contractors

The relationship between Licensor and Licensee created by this Agreement shall be that of independent contractors. Nothing contained in this Agreement shall be construed as constituting a joint venture, partnership or agency between Licensor and Licensee.

10. Assignment

This Agreement and the rights and duties hereunder shall not be assignable by the parties hereto except upon the prior written consent of the other.

11. Infringement

Licensee shall promptly inform Licensor by written notice of any infringement, or possible infringement or other misuse by a third party, of the Logo and Licensee will make available to Licensor any information relevant thereto in its possession. Any action for infringement or other misuse of the Logo against another party shall be brought only by Licensor at its sole option

12. Governing Law

This Agreement shall be governed in all aspects by the laws of the United States of America and the State of California, without regard for the principles of conflicts of laws.

13. Complete Agreement

This Agreement, together with the incorporated Exhibit, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all previous proposals, both oral and written, negotiations, representations, commitments, writings and all other communications between the parties. This Agreement may not be modified except by a writing signed by a duly authorized representative of each of the parties.

14. Successors

The rights and obligations of the parties hereto shall inure to the benefit of, and be binding and enforceable upon, the respective successors and assigns of the parties.

15. Notices

Any notice required to be given hereunder shall be deemed given if in writing and personally delivered or actually deposited in the United States mail in registered or certified form, return receipt requested, postage pre-paid, and addressed to the notified party at the address set forth below:

Licensor:

City of Lafayette/Lafayette Redevelopment Agency
3675 Mt. Diablo Blvd., Suite 210
Lafayette, California 94549
Attn: City Manager

Licensee:

Lafayette Library and Learning Center Foundation
P.O. Box 1472
Lafayette, California 94549
Attn: Treasurer

16. Representations and Warranties

The Parties represent and warrant to each other that it has the full legal right and power and authority required to enter into, execute and deliver this Agreement and to perform fully its obligations hereunder. This Agreement has been duly executed and delivered and constitutes the valid and binding obligations of the Parties enforceable in accordance with its terms.

LICENSOR

CITY OF LAFAYETTE

Mike Anderson, Mayor

Date: _____

ATTEST:

Joanne Robbins, City Clerk

**LAFAYETTE REDEVELOPMENT
AGENCY:**

Mike Anderson, Chair

Date: _____

ATTEST:

Joanne Robbins, Board Secretary

**APPROVED AS TO FORM:
BEST BEST & KRIEGER LLP**

Malathy Subramanian, City Attorney

Date: _____

LICENSEE

**LAFAYETTE LIBRARY AND
LEARNING CENTER FOUNDATION**

By: _____

Name: _____

Date: _____

By: _____

Name: _____

Date: _____

EXHIBIT "A"

LOGO LICENSE AGREEMENT

LOGO

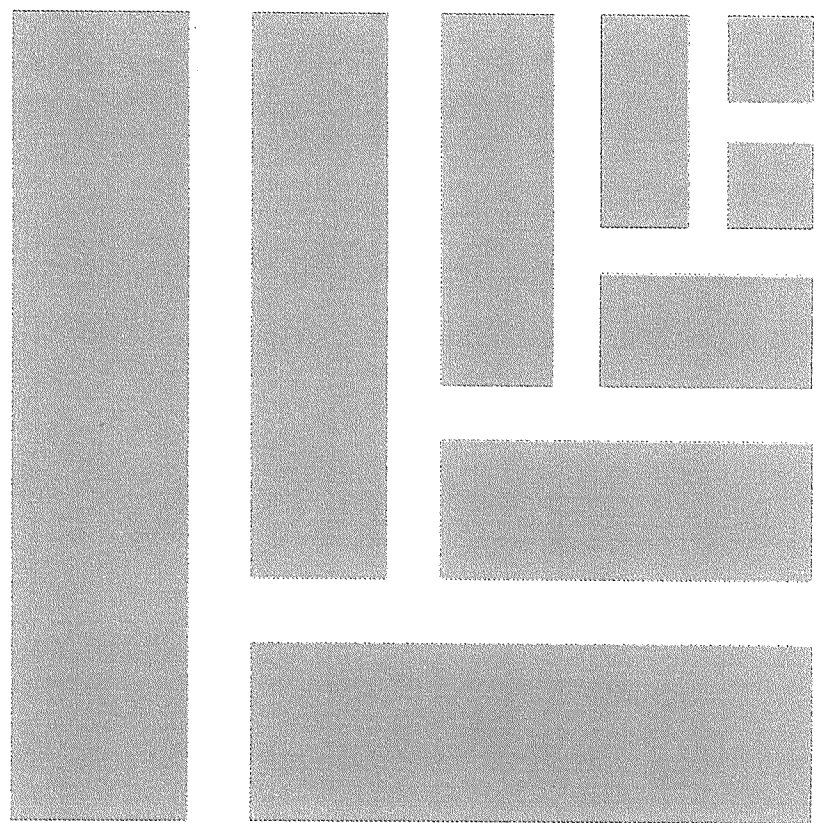
[logo and name to be attached]



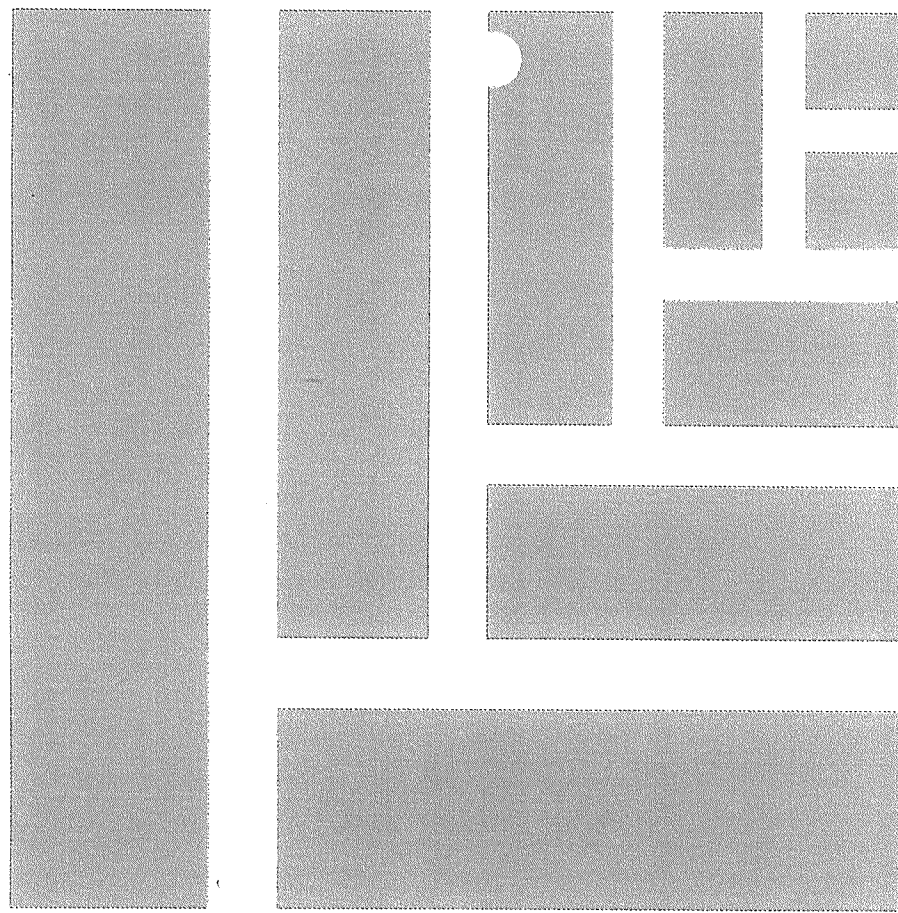
GLENN SEABORG LEARNING CONSORTIUM



GLENN SEABORG LEARNING CONSORTIUM

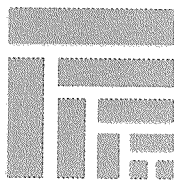


LAFAYETTE LIBRARY
and LEARNING CENTER



LAFAYETTE LIBRARY

AND LEARNING CENTER



LAFAYETTE LIBRARY
AND LEARNING CENTER
FOUNDATION

LLLC Business Case & FY 09-10 Budget

Date: April 18, 2008 **DRAFT**

Prepared by: LLLCF

Purpose

This document is a stand-alone articulation of the agreed-upon key assumptions and business model used in developing the estimated annual operating resources and costs for the Spring 2009 opening of the new Lafayette Library and Learning Center (LLLC or Library).

Key Assumptions

The key assumptions used in developing the financials for LLLC are as follows:

- This document represents a conceptual operating plan that will be more fully refined when the facility is open and hard cost data is available, particularly for facility operations and maintenance, and for programming.
- The LLLC will be operated with oversight from the City of Lafayette (the City), Contra Costa County (the County), and the Lafayette Library and Learning Center Foundation (LLLCF or Foundation).
- The City will own and manage the building, the LLLCF will provide financial support and programming, the County will provide library services and Friends of the Lafayette Library (FLL) will help fund collections and other needs.
- All of these parties will form an Oversight Committee to monitor the ongoing financial health of LLLC on at least a quarterly basis.
- The first complete fiscal year of LLLC will begin 7/1/09 and end 6/30/10.
- The LLLC is expected to be open 58 hours a week.
- Programming will take place weekly through the County, FLL and LLLCF.
- The County Library Services will be supported by 8 FTEs.
- Maintenance and building management will be handled by 2.0 FTEs from the City.
- Programming and LLLCF will be supported by 1.0 FTE with a part-time executive director, and part-time administrative and programming support similar to current LLLCF activities.
- Funds for the opening day collection of books and periodicals will be provided from \$250,000 in the Project Budget. Funds from FLL will be spent down during the first three years after opening. FLL, the County and LLLCF will collaborate on enhancing the ongoing collection.
- To help fund construction of the Library, LLLCF will target an unsecured \$9.0 million loan to the City's Redevelopment Agency (RDA) in May 2008. The interest rate will be 6.25%, and repayment will commence in 2015 and end by 2035.

- The LLLCF will target an annual fundraising goal of \$100k, adjusting for inflation.
- Inflation is modeled at 4% per year.
- LLLCF's investments of donor funds will earn 3% prior to the loan issuance, and 5% post.
- Other revenue will be generated by the café and rental of other facility spaces to be determined on a sliding scale. Additional room rental revenues will be set to recover the related incremental costs.
- Funds provided by the County will be deployed as needed to support Library operations, including staffing and library materials. Funds provided by the City will be deployed as needed to support maintenance and building operations.

Financial Projections

Projected Total Annual Resources and Cost

Below are the Total Annual Resources and Costs to run LLLC in 2007 and 2009 dollars. As you can see, the LLLCF will be funding \$790, 000 in the first fiscal year of operation commencing July 1, 2009. The following tables show the detail of how these costs were derived, and how LLLCF plans to fund the balance, after all other resources have been deployed.

Table A		
Projected Total Annual Resources and Costs in 2007 and 2009 Dollars		
	2007 Dollars	2009 Dollars ⁽¹⁾
Resources		
LLLCF ⁽²⁾	\$ 745,000	\$ 795,000
County	520,000	552,000
City	108,000	117,000
FLL	80,000	84,000
Building Rentals ⁽³⁾	20,000	20,000
Program Revenue	2,000	2,000
Total Resources	\$ 1,475,000	\$ 1,570,000
Costs		
Library Services ⁽⁴⁾	\$ 910,000	\$ 958,000
Facility Operations & Maintenance ⁽⁵⁾	392,000	424,000
Programming & LLLCF ⁽⁶⁾	173,000	188,000
Total Cost	\$ 1,475,000	\$ 1,570,000
⁽¹⁾ Using Annual Inflator of 4% for most costs. ⁽²⁾ From LLLCF Funding below ⁽³⁾ 2,500 sf @ \$8.00/sf per year for LASF, FLL, LLLCF, etc. ⁽⁴⁾ From Table D ⁽⁵⁾ From Table E ⁽⁶⁾ From Table F		

Service Levels

Table B below summarizes the service level LLLC will provide to the community in the first year. The 58 hours per week allows for evening hours four days a week, and significant weekend hours. Maintenance will be at a comprehensive level, and the current programming offered at the Library today will be supplemented with weekly programs from consortium and other community partners.

Table B Service Level	
Hours per Week	58
Sample Schedule	Monday - Thursday 10 am – 9 pm
	Friday & Saturday 10 pm – 5 pm
Maintenance	Includes power, heat light, landscaping, custodial and all maintenance
Programming	Weekly programs Current library programming continues

Staffing Level Requirements

Table C below illustrates the type and number of staff (with FTE being the equivalent of one full-time employee) needed to operate and maintain the LLLC at the service levels above. This staffing assumes an active volunteer program to provide adequate service in the larger Library. The new Library will be supported by 8.0 FTEs in operations and 2.0 FTEs in maintenance.

Programming and LLLCF will be supported by 1.0 FTE. This includes a part-time executive director who will manage the day-to-day operations of the LLLC and LLLCF, but will continue to cultivate and rely on experienced volunteers to contribute significant time to support governance, fund raising and operations. There will also be part-time administrative and programming support similar to current LLLCF activities.

Table C Staffing Level Requirements for 58 Hours	
Department	Staff Needs
Operations	8.0 FTE Sr Branch Librarian (1.0) Adult Services Librarian (1.0) Young Adult Services Librarian (0.5) Youth Services Librarian (1.0) Library Assistant (1.5) Clerk (2.5) Homework Center Coordinator (0.5) ⁽¹⁾ Library Student Assistant (80 Hours)
Maintenance	2.0 FTE Caretaker/Custodian (80 hours)
Programming & LLLCF	1.0 FTE Executive Director (0.6) Program Coordinator (0.2) Support Assistant (0.2)
Total FTE	11.0
⁽¹⁾ Will explore use of volunteers to save cost.	

County Library

Table D shows the County costs for operating the Library functions of the LLLC as provided by the County Librarian. Personnel Services assume the service and staffing levels provided above.

Table D County Library Annual Operating Cost Projections in 2007 Dollars	
	Costs
Personnel Services	
Library Operations Staff ⁽¹⁾	\$ 706,000
Homework Center Coordinator ⁽¹⁾	35,000
Subtotal	741,000
Operations	
Equipment & Supplies	89,000
Book, Periodicals and Materials ⁽²⁾	80,000
Subtotal	169,000
Total County Library Operations Cost	\$ 910,000
⁽¹⁾ Includes salary and benefits	
⁽²⁾ Assumes \$3.00 per capita as a goal to reach	

Facility Operations & Maintenance

Table E shows the annual cost to operate and maintain the LLLC in terms of caretaker and custodial personnel (as described under "Maintenance" in Table C) and in terms of costs for utilities, services and supplies. These latter costs were based on current information from Orinda and Livermore libraries, and the Veterans' building in Lafayette. We will also explore the feasibility of contracting out the maintenance and custodial.

Table E	
Facility Operations & Maintenance Annual Cost Projections in 2007 Dollars	
	Costs
Personnel Services	
Caretaker and Custodial	\$ 100,000
Social Security	8,000
Workers' Compensation	3,000
Fringe Benefits	23,000
Subtotal	\$ 134,000
Operations & Maintenance	
Landscape Maintenance	\$ 12,000
Cleaning Service (carpets, windows, etc.)	60,000
Telephone	11,000
Refuse Collection	12,000
Gas	21,000
Electric ⁽¹⁾	46,000
Water	14,000
Sewer	5,000
Information Systems / CATV / Internet	12,000
Custodial Supplies	11,000
Annual Maintenance Contingency	30,000
Legal Services	10,000
Insurance	12,000
Subtotal	\$ 256,000
Capital Outlay	
Equipment	2,000
Subtotal	\$ 2,000
Total Facility Operations & Maintenance Annual Cost	\$ 392,000
⁽¹⁾ Savings from the solar energy system or other building energy efficiencies not included.	

Programming & LLLCF

Table F shows the annual costs to run the desired level of programming (see Table B) with the Consortium and other community partners, as well as to administer the LLLCF. The costs below are exclusive of one-time investments of \$110,000 that the Foundation will make in 2009-2010 to cover start-up costs. These include \$50,000 to develop programming, \$50,000 for printing, computers and office equipment and \$10,000 for new software.

Table F Programming & LLLCF Annual Cost Projections in 2007 Dollars	
	Costs
Personnel Services	
Executive Director, Programming and Administrative Support	\$ 100,000
Benefits ⁽²⁾	5,000
Subtotal	\$ 105,000
Operations & Maintenance	
Office Supplies	\$ 3,000
Programming, Promotion and Outreach	35,000
Software and Licenses ⁽³⁾	8,000
Maintenance of Equipment	1,000
Rental Expense ⁽⁴⁾	3,000
Training	1,000
Bank, Legal & Auditing Services/Fees	10,000
Insurance	5,000
Subtotal	\$ 66,000
Capital Outlay	
Equipment	\$2,000
Subtotal	\$2,000
Total Programming & LLLCF Cost	\$ 173,000
⁽¹⁾ Assumes that cost is shared among an Exec Dir, Program Dir and Admin support, and includes time to recruit and manage library volunteers. ⁽²⁾ Includes direct benefits for part-time assistance. ⁽³⁾ Data base, operations and financial software. ⁽⁴⁾ 350 sf @ \$8.00/sf per year – Pro rata share of reimbursement by tenant for LLLC operations and maintenance costs; assumes no rent for tenant space.	

Books and Periodical Collection

The construction budget for the Project of \$43.3 million has \$250,000 designated for opening day collection. FLL has generously designated \$250,000 to supplement the collection for the first three years after the Library opens.

LLLCF Funding

Overall Sources and Uses of Funds

Table G summarizes how the monies will flow from resources to uses.

Table G				
Resources and Uses of Funds in 2009 Dollars				
	Uses			
Resources	Library Services	Facility Operations & Maintenance	Programs & Foundation	Totals
LLLCF	\$ 322,000	\$307,000	\$166,000	\$ 795,000
County	552,000			552,000
City		117,000		117,000
FLL	84,000			84,000
Rentals			20,000	20,000
Programs			2,000	2,000
Totals	\$ 958,000	\$ 424,000	\$ 188,000	\$1,570,000

In FY 09-10, the LLLCF will contribute to offset a difference of \$790,000 between the costs to operate the library, and resources available from other Funding sources, including the County, the City, FLL, Rentals, and Programs. LLLCF will make up this difference from four primary sources.

1. Initial Phase I and II Campaigns of Private Fundraising
2. New Annual Fundraising
3. Return on Investments in Operating Fund
4. Principal and Interest on Loan to RDA

Please see Exhibit 1 for full detail on these sources of LLLCF funding and how it is projected to play out through the end of the RDA loan repayment in about 2035.

Loan Repayment

The \$9.0 million unsecured loan will be funded to the RDA in May 2008 from LLLCF donor funds. The proceeds will be used by the RDA to help fund construction of the new \$43.3 million Library. The terms of the loan include a fixed interest rate of 6.25% and repayment of principal and interest is tied to other RDA funding commitments. Accordingly, much of the interest is accrued and added to the principal and thus resulting in negative amortization. LLLCF will segregate \$1.5 million of the loan and reserve all related principal and interest for future capital and construction needs.

The RDA will repay the loan from the proceeds of bonds and property tax revenue. The initial repayment will be a lump sum of \$4 million in 2015 to cover deferred interest. The remaining principal and interest, including the balance of deferred interest, will be retired with varying annual payments extending until 2035. Please see Exhibit 1 for details. LLLCF will use the repayments to help fund hours, operations, maintenance and programs.

Governance and Fiscal Management

Below we highlight the mechanisms in place to secure resources, manage monies day-to-day, ensure parties understand roles and responsibilities, and provide sound ongoing fiscal management.

Loan Agreement

This agreement between the RDA and LLLCF, documents the terms of the unsecured loan at \$9.0 million with a 6.25% interest rate, and repayment as indicated in "Loan Repayment" above.

Funding Agreement

This agreement, between the City and LLLCF, documents that the County and City will continue to fund LLLC at the current levels plus inflation until 2039. It further indicates that:

- The City and LLLCF will prepare and approve budget.
- The City will make payment request to LLLCF for support with payment in six month increments.
- LLLCF will contribute for operations, maintenance, programming, and collections.
- The City will use funds only for costs in accordance with Library budget and will segregate funds for such support.

Use Agreement

This agreement, between the City and LLLCF, documents the roles and responsibilities of the parties involved:

- County to pay in and be responsible for programming and services in third floor library area.
- City to be responsible to maintain the Library.
- Foundation to operate and manage Consortium and provide financial support for programming, hours, maintenance, etc.

Operating Fund Investment

The LLLCF will hold the Operating Fund with donor monies at First Republic. It will be invested by the LLLCF Trustees to optimize yield and meet a projected payment schedule.

Ongoing Fiscal Management

To ensure ongoing financial health of LLLC, an Oversight Committee will be established to review the resources and costs of the LLLC on at least a quarterly basis. This Oversight Committee will be made up of representatives from the major funders including LLLCF, the County, the City and FLL.

Exhibit 1 – RDA Funding and LLLCF Fund Balance